

Approved For Release 2002/08/15 : CIA-RDP83-00415R012900110011-4

Coal.

INCOMING CABLEGRAM ECONOMIC COOPERATION ADMINISTRATION

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Action

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FROM: Oslo

Control: 3211

Rec'd: June 6, 1951
3:42 p.m.

TO: ECA ADMINISTRATOR

NO.: TOECA 280, June 6, 3 p.m.

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SENT WASH TOECA 280, RPTD INFO PARIS TOREP 260.

Re: Oslo ECATO 272 sent Paris TOREP 3651.

A. Mission believes proposed plan to strengthen bargaining position of PCS in coal negots with Pol realistic and practicable approach to solution of difficult problem. Mission has reviewed Nor-Pol trades situation with Ministry of Commerce this week. On basis these discussions and past info mission believes Nor will need assistance of type described REFTEL during 1951/52 unless Pol attitude and demands change drastically. However, actual magnitude of aid necessary currently difficult to determine.

B. Pol paras comment on current situation (all figures in thousand metric tons):

1. Minimum coal needs 1951 equal 1350 of which mechanical and engineering industries 550, railways 300, merchant marine 300, domestic heating 200. Domestic heating use limited to minimum feasible amt by rationing. Reduction ration wld require use of wood as substitute and further reduce already short pulp wood supply. *450*

2. Requirements planned to be met by Svalbard production 400 and imports 950. Of the imports 450 from Pol included in 1951 import budget. Pol-Nor trade agreement covering first half 1951 (concluded after preparation budget) provides for but 125 coal and coke. Deliveries under agreement on schedule to date Ministry of Commerce expects full amt to arrive. Shortage during first half 1951 has compelled substantial dol purchases in US. Free dol import licenses granted during first qtr for 345. First qtr deliveries from US 79. ECA financing 30 requested April 4. *was*

3. Chief Ministry of Commerce import budget office expects conclusion of trade agreement with Pol for second half 1951 (and subsequent periods) will be difficult. Slight likelihood exists of obtaining full amt of coal needed to meet

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-2- #TOECA 280, June 6, 3 p.m., from Oslo.

1951 requirements without delivery of strategic items by Nor. Also expects Pol price to continue substantially (approx 10 percent) above UK price. Negots expected to center about Nor delivery chemical pulp (of grades on internatl list II) and cell wool. Some demands may be made for delivery aluminum but almost all Nor production committed for 1951 so little, if any, cld be shipped.

4. Negots complicated by refusal on part chemical pulp producers to sell to Pol. Claim Poles interested only in pulp grades suitable for nitration. (This attitude previously made known to mission and OSR reps by leader chemical pulp industry.) If Nor must rely on Pol as source of coal Ministry of Commerce fears it may be necessary to compel sales of pulp to Pol. Result wld be loss this essential and scarce commodity to West Europe and US.

5. FONOFF believes demands may also be made for continued delivery strategic items included present agreement such as silicon carbide, iron ore concentrate, ferro alloys and pyrites. Inclination of FONOFF wld be to conclude no (rpt no) new agreement including strategic items unless Poles willing to deliver substantial amts coal.

6. Poles have requested negots begin in June. Nors have considered postponement until Aug but now (rpt now) believe may be desirable to proceed with June negots in hope that if agreement can be worked out which seems to offer net advantage to Nor and West exception will be granted under Kem amendment.

C. Mission believes highly desirable that plan outlined REFUEL be worked out before conclusion of Nor-Pol agreement. ECA/W requested inform mission when plan can be discussed with Nor Govt. In interim, request comments from ECA/W and OSR (especially Mazzoco and Koon). Mission airpouching detailed info re Nors reliance on Pol coal as TOECA-R-50, TOREP-R-49. Pol coal situation previously discussed Oslo TOECA 426 rptd Paris TOREP 509; Oslo TOECA 429 rptd Paris TOREP 511; Oslo TOECA 447 rptd Paris TOREP 530; Oslo TOREP 11 rptd Washington TOECA 14 and in Oslo EMBDESPs 646, 661, 698, 818, 987, and 1019.

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